

### REMARKS

Applicant has amended claims 4-8, 10, 11 and 14 to correct minor antecedent basis errors involving use of the word "tracking." Applicant has corrected these by adding "tracking" to the claims or changing claim dependency of some of the claims.

Applicant has amended claim 11 to delete "index" from first tracking fund.

Applicant has amended claim 30 to correct the spelling of the word "synchronization."

Applicant contends that these amendments neither raise new issues, nor require an additional search, nor any significant consideration by the examiner, and thus should be entered since entry of the amendments will simplify issues on appeal.

The examiner rejected claims 1-32 under 35 U.S.C. 103(a) as being unpatentable over Olienyk et al, Journal of Financial Planning (hereinafter Olienyk), in view of iShares, Inc Business Wire, "ishares, Inc. Announces Results of Special Shareholders' Meetings," (hereinafter iShares). The examiner stated:

Regarding to claim 1, Olienyk teaches a financial product, comprising: a first fund that is traded on a trading marketplace in a first country, and registered in the first country (see abstract, the index fund called World Equity Benchmark Shares or WEBS; pages 5-7, in the beginning of 2000, there were WEBS for 17 different countries for trading: Japan, Malaysia, Singapore, Hong Kong, Australia, Mexico, United states, Mexico, Italy, Canada, Germany, Austria, France, Netherlands, United Kingdom; Spain, Belgium; e.g. the first fund is Mexican WEBS is traded on Mexican market),

an index of securities that are traded in a second, different country, that the first fund is based on and being arbitragable with a second fund that is based on the index and which is registered in the second different country, and wherein the first fund has a creation unit basis that is substantially the same basis as a creation unit basis for the second fund (page 4, see 'World Equity Benchmark Shares'; WEBS is being based on Morgan Stanley Capital International (MSCI) stock market index, WEBS are open-end index funds, their shares like closed-end country funds, are traded in the secondary market, i.e. traded on American Stock Exchange; e.g. the first fund is Mexican WEBS is being arbitragable with a second fund, e.g. Canadian WEBS based on the MSCI index; Mexican and Canadian WEBS have the same creation unit basis).

Olienyk does not teach a memory storing a data structure that represents a financial product includes a field that identifies a first fund and a field that identified an index of securities. However, ishares teaches a memory storing a data structure that represents a financial product includes a field that identifies a first fund and a field that identified an index of securities (see page 2; ishares has a website [www.ishares.com](http://www.ishares.com) containing a full list of the 44 currently available ishares exchange traded funds, a list includes 44 fields represent 44 ishares exchange traded

**funds). Therefore, it would have been obvious to one with ordinary skill in the art at the time the invention was made to include the teaching of iShares above with Olienik's for the purpose of providing a memory for storing a financial product in order to trade financial product in the market.**

Claim 1 is allowable over Olienik taken separately or in combination with iShares. The combination of references neither describes nor suggests in combination \*\*\* a field that identifies a first fund that is traded on a trading marketplace in a first country, and registered in the first country, a field that identifies an index of securities that are traded in a second, different country, which the first fund is based on and being arbitragable with a second fund that is based on the index and which is registered in the second different country. Claim 1 further distinguishes over Olienik by requiring the first fund to have a creation unit basis that is substantially the same basis as a creation unit basis for the second fund.

The examiner takes the position that Olienik teaches these features except for the data structure. Applicant disagrees. Olienik describes WEBS as follows:

**World Equity Benchmark Shares, or WEBS, are investment companies that are designed to track the Morgan Stanley Capital International (MSCI) stock market indices for single foreign countries. WEBS are modeled after Standard & Poor's Depository Receipts (SPDR), which track the S&P 500 index for the U.S. stock market. Technically, WEBS are open-end index funds, but their shares, like those of closed-end country funds, are traded in the secondary market. Unlike closed-end funds, however, WEBS have a feature that prevents the existence of significant discounts or premiums to net asset value. WEBS thus offer the best features of both open-end and closed-end funds.**

**The WEBS Index Fund Inc. issues and redeems World Equity Benchmark Shares only through "creation units," which are in-kind deposits of portfolios of roughly the same securities and with the same weights as those that represent a particular country's MSCI Index. These creation units are then subdivided into WEBS and traded on the American Stock Exchange. Since WEBS are created and redeemed only through these creation units, arbitrage by large investors is possible if the NAV of the creation units deviates from the price of the WEBS by more than the costs of the trading necessary to perform the arbitrage. As a result, the NAV of the creation units should, deviate by only a small fraction of a percent from the price of the WEBS in the secondary market.**

Neither Olienik, nor the examiner's reasoning suggests the above elements of claim 1. WEBS is a vehicle for US investors to invest in shares of foreign companies through a MSCI index. However, WEBS are traded in the US. WEBS do not have a counter-part traded in the foreign country (the underlying securities are traded in the foreign country). Therefore, Olienik does not suggest a financial product, represented as a data structure including a field that

identifies a first fund that is traded \*\*\* in a first country, and registered in the first country, a field that identifies an index of securities that are traded in a second, different country that the first fund is based on and being arbitragable with a second fund that is based on the index and which is registered in the second different country.

Applicant submits that iShares does not add any further teachings to Olienyk to cure the deficiencies in Olienyk.

Olienyk does mention that WEBS have the same creation unit basis as the MSCI index and are arbitragable, Olienyk also describes that WEBS are arbitragable to the extent that: "the NAV of the creation units deviates from the price of the WEBS by more than the costs of the trading necessary to perform the arbitrage." WEBS are arbitragable against the underlying securities. To arbitrage against the WEBS, an investor buys the underlying securities.

In contrast, claim 1 requires two funds that have the same creation unit basis. By using two funds, first fund that is traded on a trading marketplace in a first country, and registered in the first country and a second fund that is based on the index and which is registered in the second different country the costs for arbitrage are greatly reduced beyond what can be accomplished by Olienyk, since an arbitrageur need only trade in one of the funds to arbitrage against the other fund.

Similarly, the examiner's reasoning that the first fund is Mexican WEBS is arbitragable with a second fund, e.g., Canadian WEBS based on the MSCI index and that Mexican and Canadian WEBS have the same creation unit basis is completely in error. While Canadian and Mexican WEBS have creation unit basis, the individual WEBS are based on different creation units, e.g., different indexes in the different countries and different underlying securities. In general, these WEBS cannot be arbitragable with each other.

Claims 2-5 are allowable at for the reasons discussed in claim 1.

Claim 6 further limits claim 1 by specifying that the first index tracking fund can be traded on marketplaces in the first country or on marketplaces in other countries, other than marketplaces in the second country. The examiner contends that this feature is satisfied by: "(e.g. Mexican WEBS is a first index-tracking fund that are traded in the Mexican market)." The examiner is incorrect. Mexican WEBS are not traded in a Mexican market.

Claim 7 further limits claim 1 by reciting that the first tracking fund shares are not fungible with second tracking fund shares at the share level. Olienik does not teach any second tracking fund. The examiner contends that this feature is met by: "(page 4, see 'World Equity Benchmark Shares"; the WEBS are issued and redeemed only through "creation units"). However, this does not suggest claim 7 which requires first and second tracking funds.

Claim 8 recites that the first tracking fund is designed to permit arbitrage of the first tracking fund with the second tracking fund. This is not suggested by Olienik for reasons discussed above.

Claim 10 limits claim 1 by reciting that there is "a known numerical relationship or ratio between the share aggregation size of a creation unit of the first tracking fund and the share aggregation size of a creation unit of the second tracking fund." Again, Olienik does not teach the first and second funds.

Claim 11 includes the features of a field identifying fund shares that are traded on a first marketplace, the first tracking fund registered in a first country, a field identifying a second fund being based on an index of securities the second fund traded in a second, different country and registered in the second country. These features distinguish over Olienik for similar reasons given above. Claim 11 also requires that the first fund is structured with a creation unit basis that is substantially the same creation unit basis as for the second fund and where calculation of the net asset value of the first fund occurs essentially or exactly the same time that second country fund has its NAV calculated.

Neither Olienik nor the examiner comments address the portion of this feature related to the calculation of the net asset value. Olienik fails to address this because Olienik does not teach the second country fund and the examiner simply chooses to improperly ignore this feature. iShares does not add any further teachings to Olienik to cure the deficiencies in Olienik.

Claims 12-15 are allowable for analogous reasons as given above.

Claim 16 recites administering in a computer system a first fund having a creation unit basis that is substantially the same basis as the creation unit basis for a second fund that is traded on a second marketplace in a different country as the first fund. Olienik neither describes nor

suggests the second fund nor a process of administrating a first fund having the same creation unit basis as the second fund. iShares does not add any further teachings to Olienyk to cure the deficiencies in Olienyk.

Claim 17 distinguishes as a computer-based method of administrating a first fund that is traded on a first marketplace, by calculating in the computer, the net asset value of the first fund at essentially or exactly the same time that the net asset value of a second country fund has its net asset value calculated, with the first fund and the second fund each tracking the same index of financial products. iShares does not add any further teachings to Olienyk to cure the deficiencies in Olienyk.

The examiner states: "(page 4, WEBS like closed-end country funds, net asset value calculated weekly or daily, e.g. Mexican and Canadian WEBS are traded on American Stock Exchange, thus the net asset value of both Mexican and Canadian WEBS are calculated exactly the same time)." The examiner is in error, since Olienyk does not suggest that Mexican and Canadian WEBS calculate the NAV at exactly the same time and more over, even if they did it is of no import because claim 17 requires that the first fund and the second fund each tracking the same index of financial products.

Claim 18 distinguishes by reciting providing the first fund based on a creation unit, the creation unit having a basis that is substantially the same basis as a creation unit basis for a second fund that is traded on a second marketplace in a different country than the first fund. Olienyk does not suggest these features of the first and second funds. iShares does not add any further teachings to Olienyk to cure the deficiencies in Olienyk.

Claim 18 (and by analogy claim 24) further requires calculating in the computer the net asset value of the first fund at essentially or exactly the same time that the net asset value of the second country fund has its net asset value calculated to make the first fund arbitragable with the second fund.

Olienyk, as discussed above does also not suggest this feature, and iShares does not add any further teachings to Olienyk to cure the deficiencies in Olienyk.

Claims 19-23 (and by analogy claims 25-29) are allowable for analogous reasons discussed above.

Claim 29 further limits the action of calculating the net asset value of the second fund to occur after the close of trading for the second fund in the second country. Olienyk does not suggest this feature.

Claim 30 further limits claim 24 by requiring calculating \*\*\* to be in synchronization with the calculation of the net asset value in the second fund.

Claim 31 distinguishes by requiring the first country and the second country to be in different time zones.

Claim 32 distinguishes by reciting that trading in the shares of one fund uses as a reference the prices or expected prices of the shares of the second fund. This is not possible by the teaching of WEBS. Presumably, indexes of shares for securities that are traded in Mexico for Mexican companies will have any relevance to traders for shares in Canada.

Accordingly, claims 1-32 are allowable over the cited references and entry of the amendment and early allowance of the application is respectfully requested.

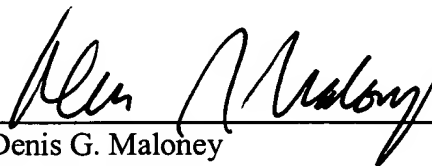
This Reply is accompanied by a **Notice of Appeal**.

Enclosed is a **\$500** check for the **Notice of Appeal**. Please apply any other charges or credits to deposit account 06-1050.

Respectfully submitted,

Date: \_\_\_\_\_

6/10/01



Denis G. Maloney  
Reg. No. 29,670

Fish & Richardson P.C.  
225 Franklin St.  
Boston, MA 02110  
Telephone: (617) 542-5070  
Facsimile: (617) 542-8906